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MINISTRY OF INTERNATIONAL TRADE

RESOLUTION

TARIFFS

*New Delhi, the 20th November 1963*

**No. 5(2)-Tar/63.**—The Tariff Commission has submitted its Report on the continuance of protection to the Electric Motor Industry on the basis of an inquiry undertaken by it under sections 11(e) and 13 of the Tariff Commission Act, 1951 (50 of 1951). Its recommendations are as follows:—

- (1) Protection to the electric motor industry should be continued for a further period of two years ending 31st December, 1965, and the scheme of protection should cover (i) squirrel cage and slip-ring induction motors and synchronous motors of a brake-horse power upto 3,000 h.p. but excluding variable speed commutator motors, (ii) single phase motors of 1 h.p. to 3 h.p., (iii) fractional horse power motors and (iv) component parts of all these types of motors excluding control gear.
- (2) The existing rates of protective duties should be continued for the extended period of two years and the duty of 15 per cent should be made applicable to squirrel cage and slip-ring induction motors and synchronous motors of higher ratings over 500 h.p. upto 3,000 h.p.
- (3) In order to avoid any possible deficiency in production during the next few years, Government should see to expeditious installation of the capacity already licensed and assist in future expansion of double shift working in all suitable units by ensuring adequate supply and proper utilisation of raw materials. If on a reassessment of the position, these measures are found inadequate for stepping up the production to the required level of demand timely action should be taken for licensing of additional capacity.
- (4) Government should give the requisite facilities, with higher priority either to the existing producers of stampings or to the manufacturers of motors whose own requirements are sizeable to increase the total installed capacity to a commensurate level as this would involve a saving for capital equipment required for fresh units and facilitate optimum utilisation of the existing capacity.
- (5) The Department of Technical Development should examine the question of availability of enamelled copper wires for motors of bigger and larger h.p. and direct the required modification in the pattern of production following up, if necessary, by larger allocation of copper.
- (6) A special priority may be accorded to the electric motor industry as its products constitute an important item of capital equipment and has assumed greater significance for speeding up the industrialisation of the country.

- (7) Having regard to the avoidable strain on foreign exchange and the wasteful use of scarce raw materials resulting from the present manufacturing practices of the producers, Government should take steps for regulating allocation of raw materials to the industry in a manner that will ensure their most economical and fullest possible utilisation with the adoption of class 'E' insulation for all approved uses and lay down a phased but definite programme for the industry for the change over in the shortest possible time.
- (8) As in the case of cable industry, Government should set an early date as target for the industry to change over to aluminium die-cast rotors for motors (squirrel cage) progressively upto 30 h.p. Government should, however, give necessary facilities to the industry to enable it to acquire the requisite equipment and dies for this purpose.
- (9) Government should undertake an examination of the possibility of establishing centralised services for the small scale sector in suitable areas as early as possible with a view to bringing the economic advantages of aluminium die-cast rotors within the reach of small scale units.
- (10) The non-acceptance of motors with higher temperature rise by the Insurance Association of India for use in ring frames etc. (although such motors are accepted in the textile industry in other countries) is perhaps a case of adherence to traditions rather than based on any special study and Government should ask insurers to adopt a more progressive and helpful attitude.
- (11) The complaints about irregular and short supply of steel rods and bars are brought to the notice of Government for an assessment of the industry's present and future demands and for laying down a programme to meet its requirement adequately either from indigenous sources or from imports.
- (12) Steps should be taken by TISCO to expedite the installation of its additional capacity and Government should afford the necessary facilities to it in this direction. Hindustan Steel should also explore the possibility of manufacturing dynamo grade sheet steel before April 1966 by any feasible adjustments in its production programme.
- (13) The progress made by the industry in respect of the change over to class 'E' insulation and adoption of aluminium die-cast rotors, which have great potentialities for reducing cost, has not been satisfactory.
- (14) The industry which has been enjoying protection for over fourteen years owes a special obligation to the consumer to requite his burden fully and at the earliest as also for strengthening the economy of the country by improving the export prospects which are conditioned by an effective reduction of the prices to a competitive level.

2 Government accept recommendations (1) and (2). The duty recommended by the Tariff Commission in respect of motors hitherto not covered by the scheme of protection is being brought into force with immediate effect by notification under section 3A of the Indian Tariff Act, 1934, published separately in the Gazette of India today. The necessary legislation in Parliament will also be undertaken in due course.

3 Government have taken note of recommendations (3) to (11) and steps will be taken to implement them as far as possible.

4. Government have also taken note of recommendation (12) and steps will be taken to implement it as far as possible. Attention of TISCO and Hindustan Steel is also invited to this recommendation.

5. Attention of the industry is drawn to recommendations (13) and (14).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

## NOTIFICATION

## TARIFFS

New Delhi, the 20th November 1963

No. 5(2)-Tar/63.—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (32 of 1934), the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed, when imported into India, a duty of customs of such amount as is specified in the corresponding entry in column (2) thereof.

## THE TABLE

Name of articles	Amount of duty of customs [in place of the duty specified in the First Schedule to the Indian Tariff Act, 1934 (32 of 1934)]
(1)	(2)
(i) Squirrel cage and slip ring induction motors of a brake-horse-power exceeding 500 but not exceeding 3,000, excluding variable speed commutator motors;	15 per cent <i>ad valorem</i> .
(ii) Synchronous motors of a brake-horse-power not exceeding 3,000 but not less than one brake-horse-power;	15 per cent <i>ad valorem</i> .
(iii) Component parts of electric motors specified in (i) and (ii) above.	20 per cent <i>ad valorem</i> .

NOTE.—For the removal of doubts it is hereby clarified that the customs duty to which the said articles are liable under section 2A of the Indian Tariff Act, 1934 (32 of 1934), and the surcharge leviable under sub-section (1) of section 23 of the Finance Act, 1963 (13 of 1963), shall be in addition to the duty leviable under this notification.

H. D. SHOURIE, Jt. Secy.

